

2024 DRAFT SOLAR AND WIND VALUATION MODEL UNDER REAL PROPERTY TAX LAW § 575-B RELEASED FOR PUBLIC COMMENT

Hodgson Russ Renewable Energy & Municipal Alert
January 3, 2024

On December 28, 2023, the New York State Department of Taxation and Finance (“DOTF”) released the draft 2024 solar and wind valuation model (“2024 Model”) for public review and comment. The DOTF developed the draft 2024 Model in consultation with the New York State Energy Research and Development Authority (“NYSERDA”) and the NYS Assessors Association to update the 2022 Model (which, by state law, was also the Model for 2023). Under Real Property Tax Law § 575-b the Models are mandatory for assessing wind and solar systems over 1 MW AC. The Models do not address standalone energy storage, nor do they address the storage portion of wind/solar plus storage projects.

The proposed changes in the draft 2024 Model include:

- Net energy metering projects are now incorporated.
- Market transition credits/community credits and community adders now default to the highest credit amount unless overridden by the user.
- Updates to the discount rates, revenue forecasts, and expense forecasts.

The proposed discount rates are based on weighted average cost of capital, which the Model separates into two distinct categories based on investment risk associated with: 1) solar projects and 2) land-based wind projects. The draft 2024 Model also acknowledges inflation’s impact by calculating the real and nominal discount rates, assuming 2.5% anticipated rate of inflation. The proposed discount rates have decreased from 7.16% for large-scale solar and 8% for VDER to 6.68% for all solar projects and from 9.66% to 7.69% for land-based wind projects. The decreases occurred despite a significant increase in the debt portion, as the 2024 Model weighs equity less than the prior Model, and the cost of equity dipped slightly.

The draft 2024 Model can be viewed [here](#). The updated instructions are available [online](#) (the DOTF promises a more detailed user manual in the future). The DOTF has also made available information on the [formulas used](#), but be aware that these unlocked formulas will be available only during the public comment period. The DOTF is accepting public comments to the draft 2024 Model until February 27, 2024, by email at renewables.model.comments@tax.ny.gov to the attention of

Attorneys

Daniel Spitzer
Emanuela (Amy) D’Ambrogio
Michael Risman
Henry Zomerfeld
Evan Anderson
Christine Bonaguide
Matthew Cameron
Brandon Cottrell
Krystal Daniels
John Dax
Collin Doane
Joseph Endres
Andrea Gervais
Michael Hecker
Elizabeth Holden
Alicia Legland
Charles Malcomb
Rosellen Marohn
William McLaughlin
Paul Meosky
Chelsea Reinhardt
Joseph Reynolds
Robert Sands III
Aaron Saykin
Alicia Stoklosa
Jeffrey Stravino
Brienne Szopinski
William Turkovich
Sujata Yalamanchili
John Zak

2024 DRAFT SOLAR AND WIND VALUATION MODEL UNDER REAL PROPERTY TAX LAW § 575-B RELEASED FOR PUBLIC COMMENT

Michael St. Germain. After the 60-day public comment period, the DOTF will make any changes it deems necessary and publish the final Model and discount rates to be used by local assessors to value affected solar and wind energy systems in the next tax assessment cycle.

Until the draft 2024 Model becomes final, the existing Model in effect for 2022 and 2023 should still be relied upon by local assessors.

For questions regarding the draft 2024 Model or submitting public comments, please contact [Daniel Spitzer](#), [Emanuela \(Amy\) D'Ambrogio](#), [Michael Risman](#), or [Henry Zomerfeld](#).

Disclaimer

This client alert is a form of attorney advertising. Hodgson Russ LLP provides this information as a service to its clients and other readers for educational purposes only. Nothing in this Client Alert should be construed as, or relied upon, as legal advice or as creating a lawyer-client relationship.

Practices & Industries

Municipal

Renewable Energy